

BANK INDONESIA REGULATION
NUMBER 14/5/PBI/2012
CONCERNING
THE AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 12/11/PBI/2010 CONCERNING MONETARY OPERATIONS
WITH THE BLESSING OF THE ONE ALMIGHTY GOD
THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas the increasingly integrated global economic conditions require effort to enhance domestic economic resilience, among other things, through the strengthening of monetary management and development of domestic financial market;
 - b. whereas the inflow of foreign exchange originating from, among other things, export proceeds, investment portfolio, or long-term investment in Indonesia is the potential improvement of liquidity management and development of domestic foreign currency markets;
 - c. whereas in the context of the improvement of liquidity management and development of domestic foreign currency markets, it is necessary to augment monetary operation

instruments;

- d. whereas based on the considerations as referred to in points a, b and c, it is necessary to make amendment to Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations;

In view of:

- 1. Act Number 7 Year 1992 concerning Banking (State Gazette of the Republic of Indonesia Year 1992 Number 31, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 Year 1998 (State Gazette of the Republic of Indonesia Year 1998 Number 182, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
- 2. Act Number 23 Year 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended several times and most recently amended by Act Number 6 Year 2009 concerning the Stipulation of Government Regulation in Lieu of Act Number 2 Year 2008 concerning the Second Amendment to Act Number 23 Year

1999 concerning Bank Indonesia to Become Act (State Gazette to the Republic of Indonesia Year 1999 Number 7, Supplement to the State Gazette of the Republic of Indonesia Number 4962);

HAS DECIDED:

To stipulate: BANK INDONESIA REGULATION CONCERNING THE
AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 12/11/PBI/2010 CONCERNING
MONETARY OPERATIONS.

Article I

Several provisions of Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations (State Gazette of the Republic of Indonesia Year 2010 Number 84, Supplement to the State Gazette of the Republic of Indonesia Number 5141) shall be amended as follows:

1. 1 (one) paragraph shall be added to the provisions of Article 3, namely paragraph (2), thus Article 3 shall read as follows:

Article 3

- (1) The operational targets of monetary policy as referred to in Article 2, shall be achieved through liquidity management

in rupiah money market by way of Liquidity Absorption and/or Liquidity Injection.

- (2) The achievement of the operational targets of monetary policy as referred to in paragraph (1) shall be supported by liquidity management in foreign currency markets.

2. The provisions of Article 5 shall be amended to shall read as follows:

Article 5

The Open Market Operation (OMO) activities shall include:

- a. issuance of Bank Indonesia Certificate (SBI);
- b. transaction on repurchase agreement (repo) and reverse repo of securities;
- c. transaction on outright purchase and sale of securities;
- d. term deposit with Bank Indonesia in rupiah;
- e. term deposit in Bank Indonesia in foreign currencies;
- f. sale and purchase of foreign currencies against rupiah; and
- g. other transactions both in rupiah money market and foreign currency money market.

3. The provisions of Article 7 shall be amended to read as follows:

Article 7

- (1) Term deposit as referred to in Article 5 letter d and Article 5 letter e may be disbursed by Monetary Operation participants prior to maturity (early redemption) by meeting certain requirements.

- (2) Term deposit in foreign currency as referred to in Article 5 letter e may be converted by Monetary Operations participants into swap transaction on the sale of foreign currencies against rupiah by Bank Indonesia.

- 4. 1 (one) paragraph shall be inserted between Article 7 and Article 8, namely Article 7A which shall read as follows:

Article 7A

- (1) Term deposit in foreign currency as referred to in Article 5 letter e may serve as deductible for the total Net Open Position which must be maintained by Monetary Operation participants at the end of business day as referred to in Bank Indonesia regulation regarding net open position of commercial banks.
- (2) The highest value of term deposit in foreign currency which may serve as deductible for the total Net Open Position as referred to in paragraph (1) shall be the lowest of the following values:
 - a. The total value of Net Open Position at the end of the relevant business day before being deducted by the term deposit in foreign currency;
 - b. The value of term deposit in foreign currency; or
 - c. 5% (five percent) of the capital of Monetary Operation participants.
- (3) Monetary Operation participants must report the total Net Open Position on a daily basis at the end of business day

after calculating term deposit in foreign currency as deductible, in the form as intended in the sample provided in the Appendix which shall constitute an inseparable part of this Bank Indonesia Regulation.

- (4) In the event that Monetary Operation participants fail to submit a report as referred to in paragraph (3), the term deposit in foreign currency may not be calculated as deductible for Net Open Position.

- 5. The provisions of Article 17 shall be amended to read as follows:

Article 17

- (1) Monetary Operation participants shall be required to have:
 - a. Rupiah demand deposit accounts with Bank Indonesia; and
 - b. Foreign demand deposit accounts with Bank Indonesia, in the event that Monetary Operation participants take part in OMO transactions in foreign currency markets.
- (2) Monetary Operation participants shall be required to have securities accounts in BI-SSSS and/or custodians designated by Bank Indonesia.
- (3) Monetary Operation participants taking part in Monetary Operation activities shall be required to provide adequate funds in rupiah demand deposit accounts with Bank Indonesia and/or adequate securities in securities accounts

in BI-SSS or custodians for the settlement of payment obligations on the date of transaction settlement.

- (4) Monetary Operation participants conducting transactions in foreign currency market shall be required to provide adequate funds with Bank Indonesia or transfer adequate funds to Bank Indonesia account for the settlement of obligations on the date of transaction settlement.
- (5) In the event that Monetary Operation participants fail to fulfill the obligation as referred to in paragraph (3), the relevant Monetary Operation transactions shall be declared to be cancelled.
- (6) In the event that Monetary Operation participant fail to fulfill the obligation as referred to in paragraph (4), the relevant Monetary Operation transactions:
 - a. shall be declared to be cancelled, for transactions of term deposit in foreign currency;
 - b. must be settled following the date of transaction settlement, for transactions in foreign currency market other than the transactions of term deposit in foreign currency as referred to in letter a.

6. The provisions of Article 19 shall be amended to read as follows:

Article 19

- (1) For the cancellation of transactions as referred to in Article 17 paragraph (5), Monetary Operation participations shall be subject to sanctions in the form of:

- a. written reprimand; and
 - b. financial penalty in the amount of 0.01 (one per ten thousandth) of the nominal value of the cancelled Monetary Operation transaction, in the minimum amount of Rp10,000,000.00 (ten thousand rupiah) and in the maximum amount of Rp100,000,000.00 (one hundred million rupiah).
- (2) For the cancellation of transactions as referred to in Article 17 paragraph (6) letter a, Monetary Operation participants shall be subject to sanctions in the form of:
- a. written reprimand; and
 - b. financial penalty calculated based on:
 - 1. interest rate of Fed Fund applicable on the date of transaction settlement plus 200 (two hundred) basis points multiplied by the nominal value of transactions multiplied by $1/360$ (one per three hundred and sixty), for term deposit in US Dollar;
 - 2. interest rate issued by the central bank or monetary authority in the relevant state of currency (official rate) applicable on the date of transaction settlement plus 200 (two hundred) basis points multiplied by the nominal value of transactions multiplied by $1/360$ (one per three hundred and sixty), for non-US Dollar term deposit.

- (3) In the event of the third cancelation of transaction during 6 (six)-month period, in addition to the sanctions as referred to in paragraphs (1) or (2), Monetary Operation participants shall also be subject to a sanction in the form of temporary suspension of its participation in Monetary Operation activities for 5 (five) consecutive business days.
7. The provisions of Article 20 paragraph (1) shall be amended to read as follows:

Article 20

- (1) In the event that a Monetary Operation participant conducting a transaction in foreign currency market other than term deposit in foreign currency as referred to in Article 17 paragraph (6) sub-paragraph b fail to fulfill the obligation as referred to in Article 17 paragraph (4), the Monetary Operation participant concerned shall be required to pay the nominal value of such transaction on the subsequent business day following the transaction settlement.
- (2) The Monetary Operation participant as referred to in paragraph (1) shall also be subject to the following sanctions:
- a. written reprimand; and
 - b. financial penalty calculated based on:
 - 1. interest rate of Fed Fund applicable on the date of transaction settlement plus 200 (two

hundred) basis points multiplied by the nominal value of transactions multiplied by $1/360$ (one per three hundred and sixty), for term deposit in US Dollar;

2. interest rate issued by the central bank or monetary authority in the relevant state of currency (official rate) applicable on the date of transaction settlement plus 200 (two hundred) basis points multiplied by the nominal value of transactions multiplied by $1/360$ (one per three hundred and sixty), for non-US Dollar term deposit; or
3. The applicable BI Rate plus 200 (two hundred) basis points multiplied by the nominal value of transactions multiplied by $1/360$ (one per three hundred and sixty), for the settlement of payment obligations in rupiah.

(3) The settlement of obligations to pay the nominal value of transactions as referred to in paragraph (1) and the sanctions as referred to in paragraph (2) shall be conducted under the following provisions:

- a. Bank Indonesia shall debit foreign currency demand deposit accounts of Monetary Operation participants with Bank Indonesia for the settlement of payment obligations in US Dollar and non-US Dollar foreign currency.

- b. The calculation of settlement of payment obligations in non-US Dollar foreign currency as referred to in sub-paragraph a shall use the indicative exchange rate from Reuters at 08.00 Western Indonesia Time on the charging date.
- c. Debiting the rupiah demand deposit accounts of Monetary Operation participants with Bank Indonesia for the settlement of payment obligations of Monetary Operation participants in rupiah.

Article II

This Bank Indonesia Regulation shall come into effect on the date of its stipulation.

For public cognizance, it is ordered that this Bank Indonesia Regulation be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On June 8, 2012

THE GOVERNOR OF BANK INDONESIA,

[Signed]

DARMIN NASUTION

Promulgated in Jakarta

On June 8, 2012

THE MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA,

AMIR SYAMSUDDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2012

NUMBER 130

DPM

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 14/5/PBI/2012
CONCERNING
THE AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 12/11/PBI/2010 CONCERNING MONETARY OPERATIONS

I. GENERAL

The dynamic of national economy nowadays and in the future will face some challenges, both external and internal. In order to respond and anticipate those challenges, Bank Indonesia deems that it is necessary to improve the liquidity management and development of domestic foreign currency market by providing an instrument of foreign exchange placements for facilitating the inflow of foreign exchange, including those originating from export proceeds. In line with such effort, Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations is improved. This policy is one of the efforts in liquidity management in domestic foreign exchange market to support the achievement of the operational targets of monetary policy and provide positive contribution to national economy.

II. ARTICLE BY ARTICLE

Article I

Point 1

Article 3

Self-explanatory.

Point 2

Article 5

Letter a

Referred to as “issuance of Bank Indonesia Certificate (SBI)” shall be the sale of SBI by Bank Indonesia in the primary market.

Letter b

Referred to as “repurchase agreement (repo) transaction” shall be the transaction on the sale of securities by Monetary Operation participants to Bank Indonesia with the obligation to repurchase by Monetary Operation participants at the agreed price and in the agreed period.

Referred to as “reverse repo transaction” shall be the transaction on the purchase of securities by Monetary Operation participants and Bank Indonesia with the obligation to resale by Monetary Operation participants at the agreed price and in the agreed period.

Referred to as “securities” shall be SBI, SBN and other high-quality and highly liquid securities determined by Bank Indonesia.

Letter c

Referred to as “transaction on outright purchase and sale of securities” shall be the transaction on out-and-out purchase and sale of securities.

Referred to as “securities” shall be SBN and other high-quality and highly liquid securities determined by Bank Indonesia.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Sale and purchase of foreign currencies against rupiah shall be conducted, among other things, in the form of spot, forward and swap.

Referred to as “spot” shall be sale/purchase transaction on foreign currencies against rupiah, the funds of which shall be delivered within 2 (two) business days following the date of

transaction. In such transaction, it shall be possible to negotiate either to deliver foreign currencies on the same day (today) or on 1 (one) business day following the date of transaction (tomorrow).

Referred to as “forward” shall be sale/purchase transaction on foreign currencies against rupiah, the funds of which shall be delivered within 2 (two) business days following the date of transaction.

Referred to as “swap” shall be the exchange of foreign currencies against rupiah through spot purchase/sale with forward sale/purchase conducted simultaneously, with the same counterpart and at a price made and agreed upon on the date of the transaction.

Letter g

Self-explanatory.

Point 3

Article 7

Paragraph (1)

Self-explanatory.

Paragraph (2)

Referred to as “swap transaction on the sale of foreign currencies against rupiah by Bank Indonesia” shall be the transaction on the purchase of foreign currencies by Bank Indonesia through spot purchase followed by the transaction on forward repurchase of foreign currencies by Bank Indonesia conducted simultaneously, with the same counterpart and at a price made and agreed upon on the date of transaction.

Point 4

Article 7A

Paragraph (1)

Self-explanatory

Paragraph (2)

An example of the calculation of deduction of Net Open Position of Monetary Operation participants affected by term deposit in foreign currencies shall be as follows:

in million rupiah

No	Capital*	NOP before TD in foreign currencies		TD	TD as deductible for NOP		Maximum TD as deductible for NOP	NOP after TD in foreign currencies	
		NOP Absolute	NOP Ratio		TD ≤ NOP	TD ≤ 5% Capital		NOP Absolute	NOP Ratio
	a	b	c	d	e	f	g**	h	i
			c = b/a		d ≤ b	d ≤ 5% x a		h = b-g	i = h/a

in million rupiah

No	Capital*	NOP before TD in foreign currencies		TD	TD as deductible for NOP		Maximum TD as deductible for NOP	NOP after TD in foreign currencies	
		NOP Absolute	NOP Ratio		TD ≤ NOP	TD ≤ 5% Capital		NOP Absolute	NOP Ratio
	a	b	c	d	e	f	g**	h	i
			c = b/a		d ≤ b	d ≤ 5% x a		h = b-g	i = h/a
1	200,000	30,000	15%	35,000	30,000	10,000	10,000	20,000	10%
2	200,000	30,000	15%	5,000	5,000	10,000	5,000	25,000	12.5%
3	200,000	6,000	3%	8,000	6,000	10,000	6,000	0	0%

*) Capital is the capital as referred to in BI regulation concerning net open position of commercial banks.
**) Maximum value of TD as deductible for NOP (column g) is TD meeting the requirements of TD ≤ NOP (column e) and TD ≤ 5% of capital (column f).

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Referred to as “capital” shall be capital as referred to in Bank Indonesia regulation concerning net open position of commercial banks.

Paragraph (3)

Daily report on the total Net Open Position at the end of business day by calculating term deposit in foreign currencies as deductible shall be additional reporting obligation on Net Open Position through Commercial Bank Daily Report System.

The report to Bank Indonesia shall be submitted offline until it is possible to submit online reporting through Commercial Bank Daily Report System.

Report on Net Open Position submitted offline shall be Net Open Position on 2 (two) business days prior to the date of report submission.

Paragraph (4)

Self-explanatory.

Point 5

Article 17

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Provision of funds in Bank Indonesia shall be applicable to the obligation to settle transactions in rupiah. Settlement of transaction in foreign currencies shall be made by transferring funds into the designated Bank Indonesia accounts.

Paragraph (5)

- 8 -

Self-explanatory.

Paragraph (6)

Self-explanatory.

Point 6

Article 19

Self-explanatory.

Point 7

Article 20

Self-explanatory.

Article II

Self-explanatory.

APPENDIX
BANK INDONESIA REGULATION
NUMBER 14/5/PBI/2012 DATED JUNE 8, 2012
CONCERNING
THE AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 12/11/PBI/2010 CONCERNING MONETARY
OPERATIONS

SAMPLE OF REPORT ON NOP AFTER BEING DEDUCTED BY TERM
DEPOSIT IN FOREIGN CURRENCIES

To
Bank Indonesia
cq.: Bank Supervision Department / Representative Office of BI
Jl.....

1. REPORT ON COMBINED NOP OF DOMESTIC OFFICES AFTER BEING DEDUCTED BY
TERM DEPOSIT IN FOREIGN CURRENCY

Bank Code	Type of Business	Report Date	Form No.	Number of content record
Type	Currency code	Volume (total in million rupiah)		
Term deposit in foreign currency				
NOP after being deducted by Term Deposit in foreign currency				

The calculation of the combined NOP of Domestic offices after being deducted by term deposit in foreign currency is attached.

2. REPORT ON THE COMBINED NOP OF DOMESTIC AND FOREIGN OFFICES AFTER
BEING DEDUCTED BY TERM DEPOSIT IN FOREIGN CURRENCY

Bank Code	Type of Business	Report Date	Form No.	Number of content record
Type	Currency code	Volume (total in million rupiah)		
Term deposit in foreign currency				
NOP after being deducted by Term Deposit in foreign currency				

The calculation of the combined NOP of Domestic and foreign offices after being deducted by term deposit in foreign currency is attached.²

Jakarta, *(please insert date/month/year)*

(.....)

1 Filled according to the relevant Bank Supervision Department or regional BI representative office.
2 The calculation is attached with reference to the sample of calculation as referred to in the elucidation of Article 7A paragraph (2).
3 Signed and filled with the name and position of official/employee-in-charge

GOVERNOR OF BANK INDONESIA,

[Signed]

DARMIN NASUTION